

Service Date: October 15, 2004

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER OF the Application of)	UTILITY DIVISION
ENERGY WEST MONTANA – WEST)	
YELLOWSTONE, for a General Rate)	DOCKET NO. D2004.2.16
Increase)	
)	ORDER NO. 6551a
)	

STIPULATED INTERIM ORDER

Findings of Fact

On February 2, 2004 Energy West Montana – West Yellowstone (EWM-WY) filed before the Public Service Commission (PSC) an application for approval to increase rates for customers served on their distribution system in and around West Yellowstone, Montana.

On July 16, 2004 the Montana Consumer Counsel (MCC) filed a Stipulation and Agreement between the MCC and EWM (the Parties).

A public hearing was conducted on Wednesday, July 28, 2004, at 1:00 p.m., at City Court, 220 Yellowstone Avenue (Union Pacific Dining Hall), West Yellowstone, Montana.

The Parties discussed their respective positions and reached the following settlement and agreements:

1. EWM-WY rates will be adjusted to recover properly incurred costs and to permit an opportunity for EWM-WY to earn a return on its investment. The amount of the adjustment per the Stipulation and Agreement is \$204,507.
2. The cost of capital for purposes of establishing rates for EWM-WY will be 9.08% (4.73% weighted cost of long term debt and 4.35% weighted cost of common equity).
3. The current monthly gas tracking mechanism will remain in effect.

4. \$90,190 over-recovery of gas cost from the period July 1, 2002 through June 30, 2003 will be refunded over a two-year period. This results in a net increase in rates of \$159,412 (\$204,507 - \$45,095) over the next two years.
5. The increase will be recovered through increasing both the Customer Charge element and the Distribution Base component of the Rate element of the tariffs by 47.36%. This results in an overall rate increase of 17.63% (Residential/Small General – 20.88% and Large General – 15.67%).
6. The customer charge and the distribution base component of the rate will be subsequently adjusted to reflect the customer charges approved in the pending Energy West Montana – Great Falls application (D2004.3.46). The subsequent adjustments will be revenue neutral to EWM-WY on an annual basis.

The Parties agreed that based upon an examination of all aspects of this matter, the Stipulation and Agreement (attached) is fair and reasonable and in the public interest.

CONCLUSIONS OF LAW

EWM-WY provides natural gas service within the State of Montana and as such is a “public utility” within the meaning of § 69-3-101, MCA.

The Montana Public Service Commission properly exercises jurisdiction over the EW rates and operations pursuant to Title 69, Chapter 3, MCA.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

EWM-WY shall adhere to and abide by all Findings of Fact in this Order. All rate schedules shall comply with all determinations set forth in this Order.

EWM-WY shall file tariffs reflecting the implementation of the Stipulation and Agreement attached effective for service on and after November 1, 2004 in compliance with the Findings of Fact in this Order.

This Stipulated Interim Order is effective for service on and after November 1, 2004.
DONE IN OPEN SESSION at Helena, Montana on this 28th day of September 2004, by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ROWE, Chairman

THOMAS J. SCHNEIDER, Vice Chairman

MATT BRAINARD, Commissioner

GREG JERGESON, Commissioner

JAY STOVALL, Commissioner

ATTEST:

Connie Jones
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.